

HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

214 O'Neill HOB ■ Washington, DC 20515 ■ 202-226-7200 ■ www.house.gov/budget_democrats

March 11, 2002

The President's Environmental Budget: Same Failures, New Excuses

Dear Democratic Colleague:

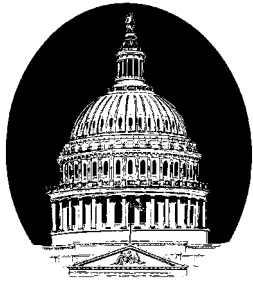
Attached is an issue brief, "The President's Environmental Budget: Same Failures, New Excuses," that analyzes the President's Fiscal Year 2003 environmental budget proposals. For a detailed look at the President's entire budget, please look at "Return to Red Ink: Back to Budget Deficits" on our website at: http://www.house.gov/budget_democrats.

The President released his budget on February 4, and while Democrats strongly support the war on terrorism at home and abroad, we do not support the budget's cuts in vital domestic discretionary programs, its insistence on tax cuts paid for by the Social Security surplus, and its omission of a real Medicare prescription drug benefit. Overall appropriations for domestic programs — non-defense, non-homeland security, non-international programs — are \$12.4 billion (3.4 percent) below the 2002 level. The budget targets many of these cuts on the very areas the government has the most responsibility to help: low-income and vulnerable populations, environmental clean-up and conservation, and our future economic security.

The House Budget Committee is scheduled to mark up a budget resolution this week and to send it to the floor before the Spring District Work Period on March 25. I hope you find this information helpful as we move forward in this process. Please call me or the Budget Committee Democratic staff at 6-7200 if you have any questions.

Sincerely,

John M. Spratt, Jr.
Ranking Democratic Member



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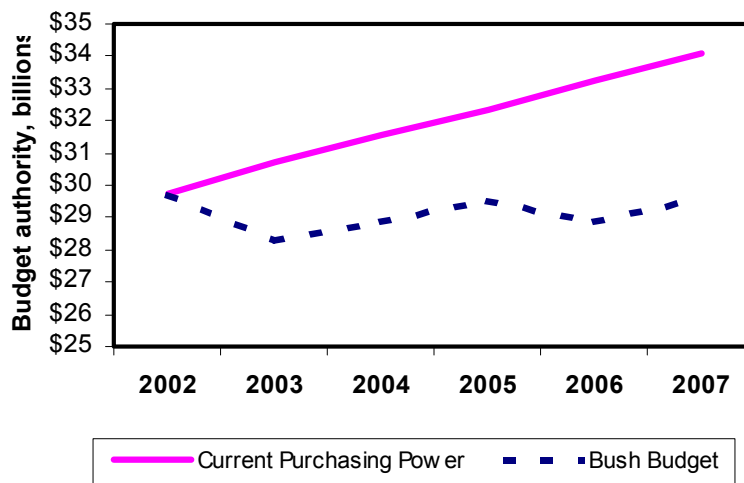
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The President's Environmental Budget: Same Failures, New Excuses

In his 2003 budget, the President claims that the events of September 11 have made it necessary to cut or freeze funding for domestic discretionary programs, including those for natural resources and environmental protection, in order to provide the necessary resources for defense and homeland security. However, in the area of natural resources and environment, this claim is merely a new justification for the same approach the Administration pursued in last year's budget. In general, the budget again contains significant cuts to natural resources and environmental funding for 2003 and for the years beyond. In the specifics, the budget contains many of the same proposals that were in last year's budget and that Congress flatly rejected. For 2003, the President's budget significantly cuts funding for programs that protect public

Environmental Appropriations



health and the environment. The budget provides \$28.3 billion in appropriations for these programs, which is \$1.5 billion (5.0 percent) below a freeze at the 2002 level and \$2.4 billion

(7.7 percent) below the level needed, according to the Congressional Budget Office (CBO), to maintain purchasing power at the 2002 level. The President's budget continues to cut the purchasing power of these programs in the following four years. By 2007, the budget's funding for appropriated programs is \$4.5 billion (13.2 percent) below the level required to maintain purchasing power at the 2002 level.¹

Conservation Programs

- ***Conservation Category Flat-Lined*** — Like last year, the President's budget backtracks on the landmark agreement made at the end of the 106th Congress to set aside and protect funds for land and water conservation programs. An overwhelming and bipartisan majority in Congress voted to create a new category of appropriated funding for these important and historically underfunded programs. For 2001-2006, a total of \$12 billion is "fenced off" from other appropriated funds, and if appropriators do not utilize all of the funds in the category in any one year, any unused funding is available for appropriation the next fiscal year.

Under the agreement, the budget should allocate just over \$1.9 billion for a pre-defined set of programs aimed at habitat and species protection, urban and historic preservation, maintenance of public lands, and other related purposes. However, the President's budget provides roughly \$1.7 billion, \$250 million (13.1 percent) less than called for by the agreement.

- ***Land and Water Conservation Fund Programs*** — Like last year, the President's budget claims to fully fund at \$900 million the programs associated with the Land and Water Conservation Fund (LWCF). (These programs are contained within the conservation spending category described above.) However, like last year, the budget accomplishes this feat by using LWCF funding for programs not traditionally associated with the Fund. Full funding would mean \$900 million split evenly between federal land acquisition and grants to states for the same purpose. In fact, the President's budget provides only \$486 million for the traditional purposes of the Fund, which is \$88 million less than last year and \$175 million less than the amount requested for these programs for 2003 by a coalition of environmental organizations.

¹ For these comparisons of overall natural resources and environmental funding, the 2002 funding totals and all future years' funding totals are adjusted for the Administration's accrual proposal for the pension and health-care costs of federal employees. This proposal is an accounting change that does not have any programmatic impact.

Environmental Protection Agency (EPA)

For 2003, the President's budget provides \$7.7 billion in appropriations for EPA, \$461 million (5.6 percent) less than a freeze at the 2002 level.² This funding level is \$661 million (7.9 percent) below the level needed, according to CBO, to maintain purchasing power at the 2002 level. As described below, this cut falls mostly on water infrastructure funding.

- ***Aid for Water Infrastructure*** — For 2003, the President's budget provides \$1.2 billion for the Clean Water State Revolving Fund (SRF) Program, \$138 million (10.2 percent) less than last year. For the Drinking Water SRF Program, the budget freezes funding at the 2002 level of \$850 million. Finally, the budget zeroes out \$344 million in Congressional earmarks but fails to reinvest this money in other water infrastructure programs. Overall, the cut to water infrastructure aid totals \$482 million from the 2002 freeze level.
- ***Superfund*** — For 2003, the President's budget provides \$1.3 billion, roughly the same as last year, for cleaning up the nation's worst hazardous waste sites under EPA's Superfund program. With this funding, the Administration plans to complete 40 cleanups, many fewer than the annual average under the previous administration.

The President's budget provides over half of the funding (\$700 million) from general revenues and the rest from the Superfund trust fund. The trust fund has historically supplied most of the funds appropriated for the Superfund program. However, the taxes that fed into the trust fund expired in 1995, and the trust fund's balance is almost depleted.³ Failure to reinstate the Superfund taxes has required the greater reliance on general revenues, which many interpret as a move away from the "polluter pays" principle behind the Superfund program. The President's budget could have called for reinstating the Superfund taxes, but it failed to do so.

Other Environmental Programs and Issues

- ***Drilling in the Arctic National Wildlife Refuge*** — Like last year, the President's budget assumes opening the Arctic National Wildlife Refuge (ANWR) to oil and gas exploration. Although assumed in the budget, the Administration cannot implement this extremely controversial proposal without new legislation from Congress. Both the House and the Senate declined to include this proposal when crafting their respective budget resolutions last year.

² Of EPA's 2002 funding, \$176 million was emergency funding provided for homeland security after September 11.

³ The taxes that expired in 1995 consisted of excise taxes on petroleum and chemical feedstocks and a corporate environmental income tax.

The budget includes \$1.2 billion from lease bonuses for the federal treasury and \$1.2 billion collected and disbursed to the state of Alaska in 2004. Receipts also occur in later years, resulting in a total of \$3.2 billion in receipts over the ten-year period, half of which go to Alaska.

- ***National Park Service Maintenance*** — During the 2000 campaign, the President promised to eliminate the National Park Service’s \$4.9 billion maintenance backlog over a period of five years. Fulfilling this promise would require approximately \$1 billion in additional funding each year. However, as in last year’s budget, the Administration fails to provide the increase in funding that would put the government on course to fulfill the President’s campaign promise. The President’s 2003 budget provides only \$663 million for construction and maintenance, nearly the same as last year.
- ***Abandoned Mine Reclamation Fund*** — The President’s budget cuts the Interior Department’s Abandoned Mine Reclamation Fund program to \$174 million, which is \$29 million (14 percent) below the 2002 enacted level of \$203 million. This program addresses health and safety threats to communities adversely affected by pollution from abandoned coal mines. The overall decrease in this program includes a \$17 million reduction in reclamation grants to states and an \$11 million cut to federal emergency reclamation projects.
- ***Small Watershed Program Eliminated*** — The budget eliminates P.L.-566, the Small Watershed Program in the Department of Agriculture. Last year, the Administration requested \$100 million for the program, and appropriators provided about \$107 million. The backlog of approved Small Watershed Program projects stood at \$1.6 billion at the beginning of October. The program promotes cooperation among the federal government, states, and localities in order to: prevent damage from erosion, floodwater, and sediments; further the conservation, development, utilization, and disposal of water; and promote conservation and proper utilization of land in authorized watersheds.